

February 2024



Financial Update

Five Year Model

	FY24(current)	FY25	FY26	FY27	FY28	FY29
Surplus/Deficit	\$ 1,570,803	\$ 1,086,070	\$ 683,134	\$ 179,589	\$ (863,624)	\$ (1,115,597)

Key Assumptions:

- General Salary Increases – unknown, so estimated between 2-3%
- Tuition Rates – unknown, so estimated 1% increase in future years
- Enrollment Levels – taken from the Fall Enrollment Study



Five Year Model - Takeaways

We are predicting positive outcomes for the next 3 fiscal years.

- This is the result of some very hard work that has been done since the issuance of the budget memo in January 2022
- The enrollment gains in FY24 were also a contributing factor

The results take a turn into the red (deficit) in FY28 and FY29.

- We've made great strides, but we need to continue making efforts to reduce expenses and increase revenue in the coming years



Budget Memo Strategies

1. **Maximize use of buildings and spaces to concentrate use and enhance efficiency of support services. This means examining our class scheduling and other building uses to more strategically deploy our physical resources.**
 - First Floor Admin Building Reconfiguration
 - Exploring closing Wiekamp during summer months.
2. **Realize energy savings by modifying how we manage lighting, heating, cooling, etc.**
 - Climate Action Plan Implementation Committee recently formed and the primary focus is on energy efficiency
 - LED lighting installations
 - Significant investment in HVAC upgrades to Northside hall (\$2.4M state funded R&R)



Budget Memo Strategies

3. Restructure schools and colleges to achieve administrative and operational savings.

- AOD: Savings realized to date of approximately \$170K. Additional savings will depend on the school structures.

4. Restructure/reduce the number of departments/units across campus to achieve operational savings.

- Health and Wellness Center transition to HealthLinc - \$89,423
- Multiple units have restructured in order to or as the result of reduced FTE across University Relations and Advancement, Alumni, Student Affairs, Administration and Finance, Academic Affairs, Athletics

5. Create new organizational partnerships across campus to reduce redundant functions and build flexibility for future growth.

- Copy center merger with WERC



Budget Memo Strategies

6. Re-vision staff support from structural to functional (e.g., instead of one person per unit, move to people supporting key functions such as travel, purchasing, etc.); enhance internal shared services and IU shared services.

- New model for Bursar relies on IU shared service
- Centralized Advising

7. Establish tighter controls on spending.

- Admin/Finance office review of all BUY.IU transactions
- ASANA requests for new and vacant positions.
- Snow Removal Changes - \$120,000

8. Reduce the direct cost of instruction in every program, which can be done in a number of ways.

- Strategic evaluation of vacant positions
- Focus on low enrolled courses: adjunct instructor expense reduction of approximately \$100K vs last year



Budget Memo Strategies

9. Reduce employee FTE (see next slide)

- See next slide

10. Create additional revenue centers/opportunities across the university through fundraising, new programs (e.g., summer programs), grants and contracts, partnerships, etc.

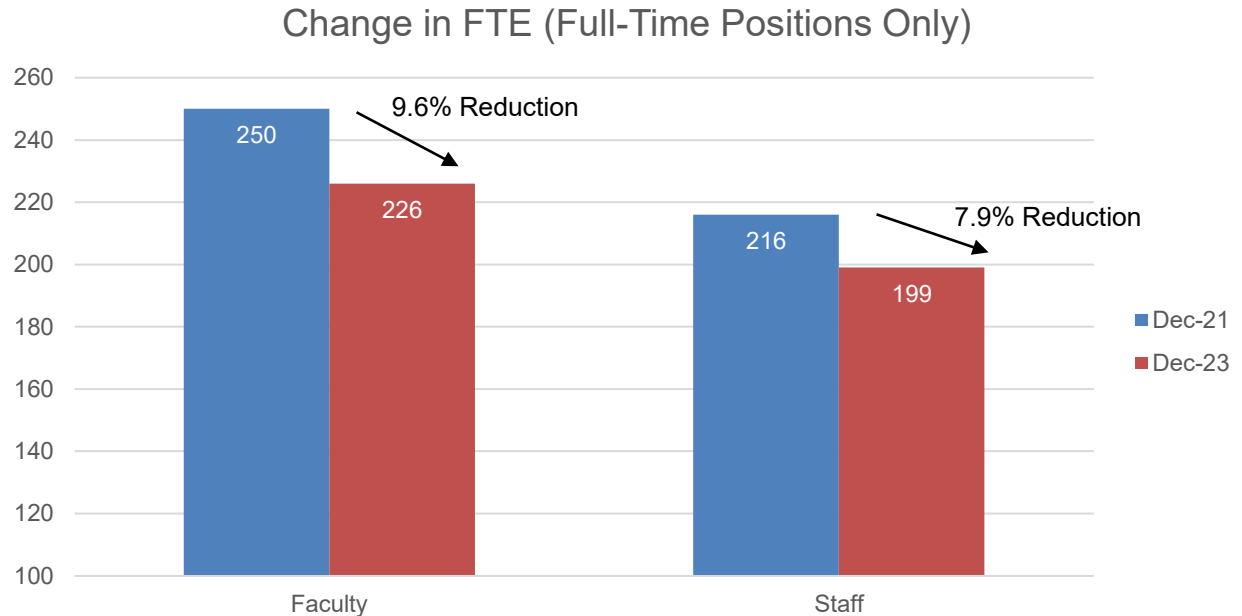
- Grants: SIP, READI support for Simulation Center - \$2.5M
- Summer Housing Opportunities - \$60-70K
- Rental Houses



Staffing Levels

Since the issuance of the budget memo in January 2022, the overall compensation budget has been reduced by \$2,444,339.

This includes two general salary increases in FY23 and FY24.



Progress To Date

(since the issuance of the budget memo in January 2022)

Increases in Revenue or Decreases in Expense (Positive Influencers)		Decreases in Revenue or Increases in Expense (Negative Influencers)	
State Appropriation Increase	\$ 1,160,809	ACP Fee Removal	\$ (310,000)
Transition of Health & Wellness Ctr to HealthLinc (strategy #4)	\$ 89,423	UA Tax Increase	\$ (362,000)
Snow Removal Changes (strategy #7)	\$ 120,000	UIRR Centralization	\$ (68,183)
Faculty and Staff Compensation (multiple strategies)	\$ 4,444,339	Faculty Promotions	\$ (265,000)
Increase in Revenue from Enrollment (multiple strategies)	\$ 1,218,545	Parking Changes	\$ (300,000)
UITS Savings (strategy #7 & 9)	\$ 211,000	Police Increase	\$ (150,000)
	\$ 7,244,116	Distance Education Fee Elimination	\$ (1,324,855)
		General Salary Increases	\$ (2,000,000)
			\$ (4,780,038)
Net Impact =	\$ 2,464,078		



Where we would be if we hadn't acted?

Recall our current 5 Year Model:

	FY24(current)	FY25	FY26	FY27	FY28	FY29
Surplus/Deficit	\$ 1,570,803	\$ 1,086,070	\$ 683,134	\$ 179,589	\$ (863,624)	\$ (1,115,597)

If we hadn't acted, our 5 Year Model would look like this:

	FY24(current)	FY25	FY26	FY27	FY28	FY29
Surplus/Deficit	\$ (929,881)	\$ (1,414,614)	\$ (1,817,550)	\$ (2,321,095)	\$ (3,364,308)	\$ (3,616,281)

So, we should celebrate our achievements...and understand that we still have work to do.



Looking Ahead

- Fall enrollment study is predicting relatively flat for the next 5 years.
- Impact of IU budget model redesign is unknown.
- Enrollment bump from FY24 sets a higher starting line for FY25 budget, so there is reason for optimism on our underfunded items list.

